

THE NEWS & OBSERVER

newsobserver.com

Published: Nov 07, 2007 12:30 AM

Modified: Nov 07, 2007 05:10 AM

[MORE PHOTOS](#)

Property transfer tax rejected across N.C.

Wake, Durham and Orange officials see 'a pretty clear message' when voters in other counties make it clear they won't accept a new tax to help pay for the costs of growth

DAVID BRACKEN AND MICHAEL BIESECKER,
Staff Writers

Voters in 16 counties, including Chatham and Johnston, on Tuesday sternly rejected the idea of taxing property sales to pay for growth.

The results were lopsided everywhere the issue was on the ballot in North Carolina, failing in most counties by at least a 3-to-1 margin.

It was a sound defeat for supporters of the transfer tax, who had hoped to capitalize on a new revenue source to pay for schools, jails and other services being squeezed by additional residents.

The outcome could discourage officials in Wake, Durham and Orange counties from asking their voters to consider a transfer tax.

"This sends a message to elected officials that people in North Carolina consider it unfair to place a special tax on people trying to sell their property," said Tim Kent, executive vice president of the N.C. Realtors Association. "It's clear that the public doesn't have an appetite for this kind of targeted taxation."

Wake County Commissioners Chairman Tony Gurley said he had considered pushing to put a transfer tax referendum on the ballot in 2008, but now he is wary. The measure would raise an estimated \$43 million a year in Wake County.

"If it goes down everywhere, obviously, that is a pretty clear message," Gurley said.

In fast-growing Chatham and Johnston counties, returns showed the tax being defeated by huge margins. The debate in those counties was largely about how best to pay for growth. Advocates of the tax said the additional revenue is needed to keep property taxes in check.

The tax would have produced nearly \$3 million a year in Chatham and \$4.45 million in Johnston, according to the N.C. Association of County Commissioners. But voters



With increasing delight, Adam Doverspike, left, Heather Johnson, head of the Chatham Coalition for Homeownership, and Chris Farr of Americans for Prosperity watch the returns come in showing the defeat of the property transfer tax.
Staff Photo by Harry Lynch

appeared wary of approving any new taxes, particularly a tax that hits people when they sell their home.

"Property is already taxed to the hilt," said Kay Futrell, 57, who lives near Selma in Johnston County. "Why do you want to penalize somebody when they sell it?"

In Chatham, commissioners had pledged that 80 percent of the money raised by the transfer tax would go to schools.

Kathryn Howlett, a 21-year-old student at UNC-Chapel Hill, said such promises were not enough to get her to support the measure. She voted against the transfer tax.

"I'm not entirely sure the money will go to the schools," she said. "And if it does, I'm not sure other funds will be taken from the schools."

Lobbying groups for real estate agents and the homebuilding industry ran ad campaigns against the tax, arguing it will sap home equity and make homes less affordable.

The debate shifted to the local level this summer after the legislature agreed to let counties levy up to a 0.4 percent tax on each property sale.

"We're so excited," said Heather Johnson, who headed the Chatham Coalition for Homeownership. She said that Chatham County voters took a stand for property rights. "We couldn't be happier."

Some voters said those lobbying campaigns swayed their decision.

"I got a couple phone calls that convinced me to vote against it," said Ann Meigs, 43, a voter in Johnston County. "I don't like not giving senior citizens a break down the line or ... first time homebuyers."

Durham County Manager Mike Ruffin said Tuesday's results might discourage commissioners from moving forward.

"It would be a tough sell," Ruffin said. "I think those counties made a mistake by getting it on the ballot too early. Somebody's going to have to sell it as hard as someone's working to defeat it. The effort to defeat it across the state was extremely well-organized and extremely well-funded."

Ruffin was especially troubled by the results from Union County, a fast-growing area near Charlotte he felt most closely related to how a vote might go in Durham. Union County voters said no by a margin of nearly 5-to-1.

The tax would apply only to real property sales. It could not be levied when someone refinances their mortgage or if a home is willed to another or given as a gift. On the sale of a \$200,000 home, it would mean an additional \$800 in taxes.

Counties have the option of levying the transfer tax or an additional one-quarter cent sales tax. They can impose only one, and commissioners cannot adopt either new tax without voter approval.

Tuesday's results were an obvious setback for groups such as WakeUp Wake County, which supports the transfer tax as a way to raise money to help overcrowded schools.

Stan Norwalk, WakeUp's vice chairman, said it is premature to call the transfer tax dead in North Carolina. He said the counties where the issue failed had no advocacy group working against those trying to defeat the measure.

"This is going to be used against us, for sure," Norwalk said. "These counties tried to go

too far to fast and people believed the propaganda from the lobbying groups, the home builders, the Realtors. This is the outcome they wanted to orchestrate."

(Staff writers Leah Friedman and Peggy Lim contributed to this report.)

david.bracken@newsobserver.com or (919) 829-4548

Staff writers Leah Friedman and Peggy Lim contributed to this report.

© Copyright 2007, The News & Observer Publishing Company

A subsidiary of The McClatchy Company